

Testimony of Bill Finkbeiner

Mr. Chairman and members of the Committee, my name is Bill Finkbeiner and I hold the position of District Manager for Holiday Companies. I have been with Holiday for 18 years. We are a privately held convenience store company based in Minnesota and operating in ten states. We have been doing business in Michigan for over fifty years operating twenty-six Holiday Stationstores in the UP and northern Michigan. As a District Manager, I oversee the operations of eleven Holiday convenience stores. I currently reside at 20 Stephen Lee Drive in Marquette, Michigan.

I respectfully request that the Committee vote favorably on HB5851. Current state law normally makes it very difficult for convenience stores to obtain a license to sell beer or wine. Unless you fall under a few narrow exceptions, a convenience store operating motor vehicle fuel pumps must maintain an inventory at cost of \$250,000 excluding motor vehicle fuel. It is virtually impossible to carry that much inventory in a convenience store.

Due to the inventory requirement of \$250,000, most of the stores I supervise cannot sell beer or wine putting those units at a competitive disadvantage. Consumers like one-stop shopping and will go to one of my competitors so they can buy everything they want at one location. Some of my competitors that can sell beer are literally across the street from one of my units. This is true, for example, in Negaunee where a Citco station was somehow able to obtain a license. As I understand, some convenience stores are able to obtain licenses by temporarily having inventory on hand at the \$250,000 level. For

example, having pre-paid gift cards on hand to meet the inventory requirement was quite popular for a period of time. After the Michigan Liquor Control Commission inspects the premises to insure that adequate inventory is on-hand, much of the inventory is later moved to other locations. Michigan Liquor Control does not have the resources to monitor inventory levels on a regular basis. Holiday and other retailers have chosen not to apply for a license in this manner. Our decision that we cannot maintain that inventory level at that amount in good faith puts us at a competitive disadvantage since we cannot carry a popular product such as beer.

The current law also creates a competitive disadvantage because of some of the exceptions to the inventory requirement. For example, licenses can be obtained in situations where a township and county have reasonably small populations. Our Calumet County store cannot currently qualify for a beer license since it is in Calumet Township. However, if our Stationstore was located across the street in Osceola Township, we would qualify for a license under the small population exception. The same is true for our Marquette store which is located in the City of Marquette; if it was a short distance away in Marquette Township we could get a license. Again, a Citgo just a few blocks away from the Marquette Stationstore has a license to sell beer.

The current law has the unintended affect of choosing winners and losers in the retail business. The convenience store industry is extremely competitive and not being able to carry a significant product where a competitor can hurts our sales. It is not simply the sale of beer that we are concerned about. It is the collateral sales that we lose because a

consumer chooses to go elsewhere and buy their gasoline, sandwiches, pop, as well as any other items they would also make when purchasing beer. We are not asking to be given an advantage; we are just asking to be able to compete on a level playing field with other convenience store operators.

Moreover, the current law puts us at a competitive disadvantage with other types of retailers such as food stores, big box stores like Wal-Mart and even pharmacies like Walgreens which sell beer and wine. Increasingly, food stores and Wal-Mart also will have motor vehicle fuel pumps on site. They are able to satisfy the \$250,000 at cost inventory requirement very easily given their much larger format. Their petroleum operations further dilute our customer base and harm our operating margins. The state has also given an operation like Wal-Mart a competitive advantage by being able to sell beer when local businesses cannot.

I cannot count the number of times I have been asked by one of our customers why we cannot sell beer in our convenience stores. I believe if we had a level playing field Holiday and other retailers currently without licenses would be able to improve our sales which can make all the difference in a tough economy when you are trying to preserve jobs and hopefully expand. Holiday employs approximately three hundred individuals in the state of Michigan and we would like to think that with an improved economic environment we can thrive and perhaps pursue further business operations in the state.

Let me state this bill will not increase youth access to alcohol or increase alcohol consumption in the state. Holiday is a very responsible retailer and we have a proprietary, thorough computer-based training program to educate our employees on how to conduct sales of age-restricted products. Sales Associates are not allowed to ring up transactions unless they have successfully completed the modules on sale of age-restricted products. Holiday also regularly conducts its own compliance checks of its employees to make sure that they are insuring that under-aged individuals do not have access to beer. Also, the current bill would not expand hard liquor sales as it is simply limited to beer and wine. Holiday would really only intend to sell beer. I do not believe that granting greater access to a beer/wine license would increase consumption as a consumer can currently get it at any number of locations. This bill would simply level the playing field in order for responsible retailers like Holiday to have an option to purchase beer and wine.

As the Committee can see on page 3 of the Bill, the law would simply be amended to allow a retailer to obtain a specially-designated merchant license if they have an inventory on the premises of \$20,000 at cost. This \$20,000 inventory figure is much more reasonable for a convenience store to be able to maintain. The Bill would still exclude such items as beer, wine, consignment items and motor vehicle fuel. By continuing to exclude motor vehicle fuel, we would avoid situations where an individual sells gasoline only and maintains a small operation which simply sells beer and wine, potentially being a blight on a local neighborhood. The \$20,000 inventory level would

require that a legitimate non-alcohol/petroleum operation be conducted that offers goods needed by the local community.

In sum, we are asking the Committee to allow us and other petroleum retailers to be able to compete in an even-handed manner with other businesses. The current state law is inherently unfair to convenience store operations by requiring an unreasonably large inventory level to be maintained on premises. It is ironic that a giant such as Wal-Mart is being advantaged to the detriment of Holiday and other much smaller retailers. We simply request the Committee to correct this imbalance so we can maintain a reasonable inventory level on hand and qualify for the option of being able to sell beer and wine to the general public. I respectfully request that you vote favorably on HB5851. Thank you very much for your time and I will answer any questions that you have.